GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3465
ANSWERED ON:20.08.2004
REFERRING OF ASHOKA PAPER MILLS TO BIFR
Yadav Shri Devendra Prasad

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

e:

(a) whether Bihar based and Assam based units of Ashoka Paper Mills were under the same company viz Ashoka Paper Mill Ltd. till 1990;

(b) whether the said company was referred to the BIFR by the Union Government under the Sick Industries Act in 1988; and

(c) the current status of these units as on date?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a) : Yes, Sir.

(b) : No, Sir.

(c) : That, a financial Package was announced by the Government of India for rendering assistance to the Government of Assam in their efforts to revive the Ashok Paper Mill (Assam), in pursuance of the Assam Accord signed in the year 1985. The Package envisaged an outright grant of Rs. 67.08 crores for the purpose. It is not an open -ended package and specifies the items for which and the organizations to whom the funds/amounts under the package would be payable, The table below gives the amount earmarked separately for each specific item of activities/ financial institutions and released so far :-

(Rupees in Crores)

Items	Provision	Released	Balance
I Assam Unit`s share of Principal payable to the institutions and Banks	26.30	26.30	Nil
II Promoters contribution and 20% of the capital expenditure	4.60	4.60	Nil
III Margin money for working capital	2.30	2.30	Nil
IV Cash losses in first two years of operation	10.04	5.04	5.00
V Outstanding statutory liabilities on account of Wages etc.	8.39	8.39	NIL
VI Outstanding interest liabilities (from 1.7.86 to 30.6.89) on institutional loans and working capital loans.	12.12	12.12	Nil
VII Amount due to Railways relating to Jogighopa Unit	0.07	0.07	Nil
VIII Security deposit inclusive of interest and income tax	3.26	3.26	Nil
Total :-	67.08	62.08	5.00

The State Government of Assam leased out M/s. Ashok Paper Mill (Assam unit) to M/s. Sanghi Textiles Limited in the year, 1995 and later on to M/s. Soneko Paper & Industries Limited (Now M/s. North East Paper & Industries Limited) in year 2000 when M/s. Sanghi

Textiles Limited abandoned the Mill.

The Government of India has so far released 62.08 crores against the various items mentioned in the financial package. Rs. 5.00 crores will be released by the Government of India after the mill starts the commercial production and incurs cash losses, if any. M/s. Nouveau Capital & Finance Limited (NCFL) (private entrepreneur) acquired effective control over management of M/s. Ashok Paper Mills, (Bihar Unit) w.e.f. 26.12.1997 for its revival as per the Revival Scheme approved by Hon`ble Supreme Court. M/s. Ashok paper Mills, Bihar Unit has recommenced production from the last week of October, 2001 and as per their statement, the company had produced about 2000 tonnes of paper. However, the Production activity could not be continued/sustained due to several reasons. Imposition of embargo on movement of goods, machineries, etc. in/out of the mill premises has been one of the major reasons. Sustained and continuous production of paper and paper products have not yet commenced in Assam and Bihar units of M/s. Ashok Paper Mills Limited.